

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4344
ANSWERED ON:19.04.2002
DEBT RECOVERY TRIBUNALS
KAMBALAPADU E. KRISHNAMURTHY

Will the Minister of FINANCE be pleased to state:

- (a) whether Debt Recovery Tribunals have shown any positive impact on the reduction of NPAs;
- (b) the number of cases adjudicated so far through these Debt Recovery Tribunals;
- (c) the measures taken by the Government to fortify the Debt Recovery Tribunals; and
- (d) the details of the endeavour being made by the Government with regard to the reduction of Non-Performing Assets in the Banking Sector ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

- (a) Yes, Sir
- (b) As on 30.9.2001 Debts Recovery Tribunals have adjudicated 18703 cases.
- (c) To make the Tribunals more effective and to ensure expeditious adjudication and recovery of dues and to remove legal anomalies, the Recovery of Debts due to Banks and financial Institution Act, 1993 has been amended in 2000. Besides, performance of DRTs is reviewed at regular intervals and mechanism for regular interaction amongst DRTs/DRATs and Bankers, has been put in place.
- (d) Government of India and RBI have advised the banks and financial institutions to take several steps for recovery of dues such as evolving and implementation of recovery policy, filing of suits with civil courts, filing cases with Debt Recovery Tribunals (DRTs), compromise settlement through Settlement Advisory Committees and monitoring and follow up of Non-Performing Assets (NPAs) at various levels in the bank. Reserve Bank of India (RBI) had issued guidelines to all public sector banks vide its circular dated 27th July, 2000 for recovery of their dues relating to NPAs through a simplified non-discretionary and non-discriminatory mechanism for settlement of NPAs upto Rs.5 crores and advised banks to evolve their own policy for loans outstanding of above Rs.5 crore. The scheme was initially upto 31st March, 2001 and was subsequently extended upto 30th June 2001. All applications received by the banks upto 30th June, 2001 were to be processed and decisions taken thereon by 30th September, 2001. The banks have also been advised to use the forum of Lok Adalat for compromise settlement of their NPAs and guidelines have been issued by RBI in May, 2001 for making increased use of this forum to settle disputes involving outstanding balance in NPA accounts upto Rs.5 lakh. It has further been clarified by RBI in October, 2001 that there is no objection to take up the matters in Lok Adalats where outstanding are Rs.10 lakhs and above.